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COMPANY LLC, CALIFORNIA RESOURCES  
CORPORATION, CHEVRON U.S.A. INC.,  
FREEPORT-MCMORAN OIL & GAS LLC, LINN  
ENERGY HOLDINGS LLC, and MACPHERSON OIL  
COMPANY

SUPERIOR COURT OF THE STATE OF CALIFORNIA  
FOR THE COUNTY OF ALAMEDA

CENTER FOR BIOLOGICAL  
DIVERSITY, and SIERRA CLUB, non-  
profit corporations,

Petitioners,

vs.

CALIFORNIA DEPARTMENT OF  
CONSERVATION, DIVISION OF OIL,  
GAS, AND GEOTHERMAL  
RESOURCES; and DOES 1 through 20,  
inclusive,

Respondents.

AERA ENERGY LLC, BERRY  
PETROLEUM COMPANY LLC,  
CALIFORNIA RESOURCES  
CORPORATION, CHEVRON U.S.A.  
INC., FREEPORT-MCMORAN OIL &  
GAS LLC, LINN ENERGY HOLDINGS  
LLC, and MACPHERSON OIL  
COMPANY,

Respondents-in-Intervention.

Case No. RG15769302

Assigned for all purposes to the Hon. Robert B.  
Freedman, Dept. 20

**DECLARATION OF DAVID  
COPPERSMITH IN SUPPORT OF  
OPPOSITION TO MOTION FOR  
PRELIMINARY INJUNCTION BY AERA  
ENERGY LLC, BERRY PETROLEUM  
COMPANY LLC, CALIFORNIA  
RESOURCES CORPORATION,  
CHEVRON U.S.A. INC., FREEPORT-  
MCMORAN OIL & GAS LLC, LINN  
ENERGY HOLDINGS LLC, AND  
MACPHERSON OIL COMPANY**

*[Opposition to Motion for Preliminary  
Injunction and Declarations, filed concurrently;  
Proposed Order, lodged concurrently]*

Date: July 2, 2015  
Time: 9:00 a.m.  
Dept.: 17

Action Filed: May 7, 2015  
Trial Date: None set

1 I, David Coppersmith, declare:

2 1. I am a Vice President at Aera Energy LLC ("AERA"). As such, I am familiar with the  
3 oil and gas operations of AERA, including underground injection well operations. I manage operations  
4 at oil fields in various locations in California, including Belridge, Cymric, McKittrick, Lost Hills,  
5 Midway Sunset and San Ardo. I make this declaration in support of Intervener's Opposition to  
6 Petitioners' Motion for Preliminary Injunction. I have personal knowledge of the facts set forth in this  
7 declaration, except where otherwise indicated, and if called to testify, I could and would competently  
8 testify to them.

9 2. AERA engages in substantial oil and gas production in California. AERA is one of the  
10 leading producers of oil and gas in California, with 2014 average net daily oil-production of 129,925  
11 barrels of crude oil, 34,659 cubic feet of natural gas, and 2,080 barrels of natural gas liquids.

12 3. AERA employs approximately 1,365 people in California as part of its oil and gas  
13 operations. AERA also works with approximately 4,200 contractors in California to support its oil and  
14 gas operations.

15 4. As part of its substantial oil and gas operations, AERA operates Class II underground  
16 injection wells for disposal and enhanced oil recovery well operations. Class II underground injection  
17 wells have been an integral part of AERA's oil and gas operations since its formation in 1997. AERA  
18 continues to operate underground injection wells permitted by DOGGR when the UIC program began  
19 in the 1970's.

20 5. AERA has a property interest in continued oil and gas production supported by  
21 underground injection activities. AERA's underground injection activities are necessary for oil and gas  
22 production at Belridge, Cymric, McKittrick, Lost Hills, Midway Sunset and San Ardo. Without these  
23 underground injection wells, AERA would have to cease significant oil and gas operations in  
24 California, including at Belridge, Cymric, McKittrick, Lost Hills, Midway Sunset and San Ardo.

25 6. In California, Class II injection wells are regulated by the Department of Conservation,  
26 Division of Oil, Gas, and Geothermal Resources ("DOGGR") pursuant to a Memorandum of  
27 Agreement ("primacy agreement") between DOGGR and the U.S. Environmental Protection Agency  
28 ("EPA"). Under the primacy agreement, DOGGR is tasked with ensuring that potential underground

1 sources of drinking water are protected in compliance with the federal Safe Drinking Water Act  
2 (“SDWA”).

3 7. Since its formation in 1997, AERA has always operated its Class II injection wells in  
4 accordance with the permit conditions established by DOGGR. AERA has never been subject to an  
5 enforcement order from DOGGR for contamination of drinking water supplies caused by underground  
6 injection activities.

7 8. Since 1983, when DOGGR acquired primacy over the UIC program, DOGGR has been  
8 approving certain Class II underground injection projects with the understanding that the boundaries for  
9 aquifers exempt by U.S. EPA were adjusted as the productive limits of the field were revised based on  
10 updated geologic information. Additionally, conflicting versions of the operative primacy agreement  
11 between DOGGR and U.S. EPA led to confusion over whether 11 aquifers in California had been  
12 formally exempted by U.S. EPA. While an initial version of the primacy agreement did not list the 11  
13 exempted aquifers, a subsequent version of the primacy agreement exempted the 11 aquifers. This  
14 subsequent primacy agreement has been the basis for DOGGR’s regulation of Class II injection wells  
15 since 1983, and U.S. EPA even wrote a letter to industry associations in 1985 clarifying which aquifers  
16 were exempt by attaching the list of exempted aquifers from the subsequent primacy agreement.  
17 Regardless, DOGGR only approved projects that met the agency’s strict criteria for demonstrating the  
18 injection would not “endanger” potential sources of drinking water pursuant to the SDWA.

19 9. On April 2, 2015, DOGGR promulgated its emergency Aquifer Exemption Compliance  
20 Schedule Regulations. The regulations were the culmination of extensive discussions and an agreement  
21 between U.S. EPA, DOGGR, and the State Water Resources Control Board (“SWRCB”) on an  
22 approved plan to allow U.S. EPA and the SWRCB an opportunity to review “non-endangerment”  
23 determinations made by DOGGR since acquiring primacy. DOGGR has acknowledged that in nearly  
24 all cases, the injection is occurring in hydrocarbon-bearing reservoirs where no potentially viable  
25 sources of drinking water exist. DOGGR has not identified a single instance where injection activities  
26 have caused contamination of drinking water.

27 10. Pursuant to negotiations with the U.S. EPA, DOGGR has undertaken a review process to  
28 determine UIC projects that have previously been permitted in (1) the 11 aquifers that have been

1 historically treated as exempt by DOGGR and U.S. EPA, and (2) aquifers within productive boundary  
2 zones. DOGGR has defined these aquifers as “non-exempt,” even though the aquifers have been  
3 historically treated as exempt and their current status is disputed.

4 11. According to a letter from DOGGR to U.S. EPA on February 6, 2015, the review  
5 examines three categories of wells: Category 1, “Class II water disposal wells injecting into non-  
6 exempt, non-hydrocarbon-bearing aquifers or aquifers historically treated as exempt”; Category 2,  
7 “Class II enhanced oil recovery (EOR) wells injecting into non-exempt, hydrocarbon-bearing aquifers”;  
8 and Category 3, “Class II water disposal and EOR wells that are inside surface boundaries of exempted  
9 waters, but that may nevertheless be injecting into a zone not exempted in the primacy agreement.” The  
10 review covers over 30,000 Class II injection wells. As of May 15, 2015, DOGGR has completed an  
11 initial review of Category 1 wells, while review of Category 2 and Category 3 will be completed in  
12 early 2016.

13 12. On February 6, 2015, shortly before promulgating its emergency Aquifer Exemption  
14 Compliance Schedule Regulations, DOGGR disclosed a list of 2,553 wells injecting into aquifers  
15 purportedly lacking exemptions. The list included review of Category 1 and Category 2 wells.  
16 DOGGR identified 532 water disposal wells and 2,021 enhance oil recovery wells.

17 13. On May 15, 2015, DOGGR announced an update to its list of wells injecting into  
18 aquifers purportedly lacking exemptions. DOGGR identified approximately 3,600 cyclic steam wells—  
19 a type of enhanced oil recovery well—that are not associated with a permitted injection project.

20 14. AERA owns 13 of the Category 1 water disposal wells identified by DOGGR in its letter  
21 to EPA dated February 6, 2015.

22 15. AERA owns 155<sup>1</sup> of the Category 2 enhanced oil recovery wells identified by DOGGR  
23 in its letter to EPA dated February 6, 2015.

24 16. Aera owns an additional 638 cyclic steam wells identified as Appendix F in DOGGR’s  
25 letter to EPA dated May 15, 2015.

26 17. AERA believes that all of the above identified wells owned by AERA have been  
27 incorrectly identified by DOGGR. AERA is reviewing the list of wells identified by DOGGR and is  
28 providing input to DOGGR accordingly.

1           18.     On May 7, 2015, the Center for Biological Diversity and the Sierra Club (collectively,  
2     “Petitioners”) filed their Complaint for Declaratory and Injunctive Relief and Verified Petition for Writ  
3     of Mandate (“Petition”) against DOGGR. Petitioners seek declaratory relief voiding the Aquifer  
4     Exemption Compliance Schedule Regulations promulgated and implemented by DOGGR, injunctive  
5     relief rescinding the Aquifer Exemption Compliance Schedule Regulations, and a writ of mandate  
6     compelling DOGGR to prohibit Class II well injections into aquifers purportedly lacking exemptions.  
7     (Petition at p. 16, ¶¶ 1–7.)

8           19.     On May 14, 2015, Petitioners filed their Motion for Preliminary Injunction. The Motion  
9     for Preliminary Injunction asks this Court to order DOGGR to immediately prohibit underground  
10    injection into aquifers purportedly lacking exemptions. (Motion at pp. 1:28–2–9; Proposed Order.)

11          20.     If granted, the Motion for Preliminary Injunction would cause direct, immediate, and  
12    significant economic harm to AERA. The broad effect of the injunction proposed by Petitioners would  
13    be exponentially magnified by the abrupt nature its imposition. The injunction would require the  
14    shutdown of other wells, facilities, and operations associated with injection activities.

15          21.     AERA has made substantial capital investments in the underground injection wells  
16    targeted for prohibition by the Motion for Preliminary Injunction.

17          22.     If the Motion for Preliminary Injunction is granted, AERA would be forced to endure a  
18    severe draw down in oil production. Approximately 2,155 of production wells would be directly and  
19    indirectly implicated, and approximately 1,931 production wells would need to be shut in entirely. The  
20    direct and indirect consequences of the preliminary injunction would result in an immediate loss of  
21    approximately 20,678 barrels of oil per day or approximately 15% of AERA’s total production.

22          23.     If the Motion for Preliminary Injunction is granted, the economic harm suffered by  
23    AERA would be based on the price of oil during the period of time the injunction would be in effect.  
24    Based on the price of crude oil at the time of this motion, which is \$58.00 per barrel, AERA would  
25    suffer an immediate economic loss of \$1,199,324.00 per day if such an order is in place.

26                 I declare under penalty of perjury under the laws of the State of California that the foregoing is  
27    true and correct.  
28

Executed on June 17, 2015 in Bakersfield, California.

By:

David Coppersmith

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DOGGR removed one well from this list in an email from DOGGR to Ron Chambers at AERA dated May 20, 2015.